RAJYA SABHA

Tuesday, the 27th November, 2001/6 Agrahayana, 1923 (Saka)

The House met at eleven of the clock, **Mr. Chairman** *in the Chair.*

ORAL ANSWERS TO QUESTIONS

Jamnagar-Loni LPG Pipeline

*121. SHRI B.J. PANDA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the project cost of cross country LPG pipeline from Jamnagar (Gujarat) to Loni (U.P.) commissioned in May, 2001 by GAIL;

(b) what is its capacity and capacity utilisation in the last three month i.e. July to September, 2001;

(c) what would be the saving in transport cost in terms of Rs./ Cu.m. and what impact it will have on the pricing of LPG cylinder; and

(d) whether this impact in pricing will affect all the consumers in general or only the consumers of the States through which this pipeline passes?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI RAM NAIK): (a) to (d) A statement is laid on the Table of the House.

Statement

(a) The project cost of cross country liquefied petroleum gas (LPG) pipeline from Jamnagar to Loni, which was commissioned on 31.1.2001 and dedicated to the Nation by the Hon'ble Prime Minister on 09.05.2001, as Rs. 1,229.45 crore.

(b) The capacity of the pipeline is 1.7 million tonnes per annum (MMTPA) and the average capacity utilisation for the period July to September, 2001 was 76%, with month-wise utilization for July, August and September, 2001, being 69%, 75% and 83% respectively.

(c) and (d) The current transport cost of LPG through the pipeline

is Rs. 1.30 per metric tonne per kilometer. The estimated savings in transport cost would be approximately Rs. 260 crore per annum. Passing these savings to consumers of domestic LPG is not possible, as LPG is heavily subsidized.

SHRI B.J. PANDA: Sir, first, I would like to compliment the hon. Minister for the performance shown by this pipeline, which, over these last few months, has an average capacity utilization of 76 per cent. In fact, in the month of September the capacity utilization has been 83 per cent; and it has been increasing. Sir, my first supplementary relates to performance not only on operational basis, but also on financial basis, because, for a very long time our public sector has been performing very well, operationally, but we have not had a proper return on the financial investment made. In this context, I would like to know from the hon. Minister as to what has been the internal rate of return or pay back period norms for this project, and how does it compare with an international project of this size, because the annual benefit, as he has pointed out, is Rs. 260 crores, on an investment of more than Rs. 1200 crores.

SHRI RAM NAIK: Sir, as has been given in the reply, Rs. 260 crores would be the saving in transport cost, which would mean that if the LPG had been brought either by tankers or by rail, the transportation cost would have been Rs. 260 crores more, in one year. That means, we would save Rs. 260 crores, in one year. In addition to that, both in the case of rail and road, we use diesel; because of the pipeline, our saving on diesel, in one year, would be to the extent of Rs. 87 crores. So, these are the savings. As for the general performance, I would like to point out that out of the 232 public sector undertakings, all our PSUs are *Navratanas* or mini *ratanas*. They are in the first top ten, so far as performance is concerned. I must also thank the hon. Member for the compliments that he has given.

SHRI B.J. PANDA: Sir, I did not get an answer for my question as to what the IRR is, but I would be satisfied if the hon. Ministr could send that to me in writing. My second supplementary has to do with his clarification that there will be no savings to the domestic consumers of LPG because the LPG is already subsidised for the

domestic consumers. I would like to request the hon. Minister, if he could enumerate some of the qualitative benefits of the project, particularly for the five States through which the pipeline passes through, in terms of how much improvement will there be in the supply of LPG, or in jobs being available in these States. I mean, the qualitative benefits of the network.

SHRI RAM NAIK: Sir, the most important qualitative difference would be that there would not be any congestion on the major roads because of the gas tankers. So, pollution would also be reduced. Then, if we take into account the cost, if I carry the gas by pipeline my expenditure is Rs. 1.30 per Km. When it is carried by rail, it costs Rs. 2.20, which means 170 per cent more. When I carry it by road, it costs Rs. 3.02 per kilometre, which means 230 per cent more. So, this is the financial benefit. Secondly, there would be no pollution and less accidents because of the gas tankers. There would be no adulteration. Of course, in gas also, some adulteration takes place. But when it comes by pipeline, there is no adulteration. These are some of the benefits which will accrue because of the pipeline.

SHRI S. VIDUTHALAI VIRUMBI: Mr. Chairman, Sir, the hon. Minister has just explained, through his reply, that the Government is able to save, approximately, Rs. 260 crores per annum by utilizing the pipeline. I want to know from the hon. Minister whether this utilization is as per the international standards or not. If it is not, whether the Government has any proposal to enhance the capacity utilization, as per international standards and, thereby, would it be able to increase the savings?

SHRI RAM NAIK: Sir, I do not have the international utilization standards with me just now. But I can, certainly, say that our utilization can be compared with the international standards, and I would like to add here that in September, the utilization was 83 per cent. Now that the winter has set in, the consumption will increase. So, by December or January, we might increase the utilization to 95 per cent or even 100 per cent, because the people would require more gas, and we would be in a position to provide that. So, the utilization percentage would also increase in these months.

श्रीमती सविता शारदा: धन्यवाद सभापति महोदय। सभापति महोदय मैं आपके माध्यम से मंत्री महोदय से यह जानना चाहती हूं कि उन्होंने यह बताया है कि हजीरा क्षेत्र जो कि सूरत में है उसमें 10 कुओं में से गैस निकल रही है। मैं जो प्रश्न पूछना चाहती हूं उसका पहला पार्ट यह है कि कितने कुओं में से कितनी गैस निकल रही है? वहां की जो टैक्सटाइल इंडस्ट्री है क्या उसको राहत दर पर गैस मुहैया करायी जायेगी?

दूसरा, जो ग प्रश्न दिया गया है उसमें है कि भड़ौच तथा खंबात आदि में यह काम आरम्भ किया गया है। मैं यह जानना चाहती हूं कि यह काम कितना समय लेगा और क्या उसकी कोई सीमा है?

श्री राम नाईक: सभापति जी, यह प्रश्न बाद में आयेगा। पहले प्रश्न में यह बात नहीं आती है। सर, आज मेरे लिए तीन-चार प्रश्न हैं, लेकिन यह जो प्रश्न पूछा गया है यह बाद में आयेगा और मैं तभी उत्तर दे पाऊंगा।

श्रीमती सविता शारदा: मंत्री महोदय एक मिनट। सर, एक मिनट...।

MR. CHAIRMAN: No; no. That's all right...(*Interruptions*)... Shri C.P. Thirunavukkarasu.

SHRI C.P. THIRUNAVUKKARASU: I would like to know the impact of the entry of international companies in the gas market on the business of GAIL. What marketing strategies have been devised to cope up with the expected entry of international companies? I would like to know whether the price of LPG would be reduced or not.

SHRI RAM NAIK: Sir, we will compete whenever the competition would start. And I expect that it should start by 1st April, 2002, when the Administered Price Mechanism would be dismantled, and we would enter into a new era. Of course, even after dismantling the Administered Price Mechanism, that is, even after 1st April, 2002, 15 per cent subsidy will be there. This would mean that the difference between the present price and the 15 per cent subsidy would be nearly Rs. 92. But we would not be in a position to do it immediately, at one stroke. We will have to do it in two phases. But, except that point, as far as the commercial sale of LPG is concerned, where the question of subsidy is not there, certainly, we would compete with all. Presently, those who are running private companies

on commercial basis are suffering because they don't have enough customers, due to the subsidy element in the domestic LPG. But we will compete with them and we will ensure that we give better service, compared to them.

SHRI C.P. THIRUNAVUKKARASU: My specific question was whether the price of LPG would be reduced, with the entry of foreign companies. That was my specific question.

SHRI RAM NAIK: It would be a market-determined price. It would depend on the price at which others are able to supply; and at what price GAIL would be in a position to supply. So, in regard to market-determined prices, let us see who works better.

SHRI BANGARU LAXMAN: Mr. Chairman, Sir, my question is also related to the same thing. The hon. Minister has just stated that the domestic LPG is heavily subsidised. I would like to know from the hon. Minister as to how much is the subsidy on domestic LPG. As the administered prices are going to be withdrawn from 1st April, 2002, in that event, as far as domestic LPG is concerned, to what extent it will affect the consumers.

SHRI RAM NAIK: Sir, in the year 2000-2001, on an average, the subsidy given was Rs. 150/- per cylinder, while the total price was about Rs. 374/- per cylinder Out of Rs. 374/-, the subsidy given was Rs. 150/-. The current price is Rs. 223.30 per cylinder. As you know, Sir, in the international market, the prices go up and down. Now they have come down a little. So, on the basis of the present price, the estimated amount, as I indicated, would be to the extent of Rs. 94.50, if the subsidy is kept at 15%, but, as I said, it would not be possible to reduce it in one stroke, after 1st of April, 2002. The Budget is about to be presented by the Minister of Finance. He and myself will work it out in such a way that the weaker sections and the middle class people are not required to pay a high price immediately after that.

SHRI LEKHRAJ BACHANI: I would like to know from the hon. Minister what are the various sources from which this gas is being procured. Is it being imported or is it from Reliance? Then, as this pipeline passes through Gujarat—about 450 kilometres—I would

like to know why some part of this gas is not being given to Gujarat. Gujarat is badly in need of LPG. On the one side, due to this pipeline, about Rs. 260 crores will be saved; on the other, stage by stage, the subsidy is being reduced. I would like to suggest that either you reduce the subsidy or you give the benefit of savings to the consumers. Will the Government consider this suggestion?

SHRI RAM NAIK: Sir, I would have been very happy to pass on the benefits to the consumers, but my Oil Pool Account deficit is so high that by the time we go for dismantling the administered price regime, I would have to reduce it, as far as possible. So, from that point of view, it would not be possible now to reduce the prices. As far as the second question is concerned, this pipline passes through Gujarat, Rajasthan, Haryana, Delhi and UP, and all these States are getting the benefit of this pipeline. LPG is supplied from Jamnagar, and it is imported also. Besides, we also have our own refineries. So, LPG is being supplied from all these sources.

श्री रमा शंकर कौशिक: श्रीमन् माननीय मंत्री जी ने मूल प्रश्न के उत्तर में कहा है कि पाइप लाईन से सप्लाई करने से 260 करोड़ रुपए प्रतिवर्ष आमदनी बढ़ेगी, बचत होगी। लेकिन साथ ही इन्होंने कहा है कि हम इसमें उपभोक्ता का हित नहीं करना चाहते हैं, मैं माननीय मंत्री जी से यह निवेदन करना चाहता हूं कि जब अन्तर्राष्ट्रीय भाव बढ़ते हैं तो आप तत्काल उपभोक्ताओं पर उसका बोझ डाल देते हैं और जब अन्तर्राष्ट्रीय भाव घटते हैं तब कोई सुनवाई नहीं होती है कि उपभोक्ताओं को उसका फायदा दिया जाए। अब भी यह स्थिति है कि अंतर्राष्ट्रीय भाव घटे हैं लेकिन विभाग ने उपभोक्ताओं को इसमें सुविधा देने की कोई बात नहीं सोची। माननीय मंत्री जी भी इस बात को अच्छी तरह से जानते होंगे कि जैसे-जैसे भाव बढ़ते हैं, उसी प्रकार से कस्टम विभाग का पैसा बढ़ जाता है और उनकी आमदनी बढ़ती है जो उपभोक्ताओं के ऊपर पड़ती है। मैं माननीय मंत्री से कहना चाहता हूं कि क्या वे कोई ऐसा सिस्टम बनाने पर विचार करेंगे कि जब अंतर्राष्ट्रीय भाव बढ़ें तब भी जितनी मात्रा में तेल आता है उसी मात्रा के हिसाब से कस्टम टैक्स लगे और आपका जो ऑयल पूल है उसमें आप इसे डालें इससे उपभोक्ताओं का फायदा होगा। क्या आप ऐसा सिस्टम सोचेंगे और यह जो 260 करोड़ रुपये की बचत हो रही है उसे उपभोक्ताओं को उपलब्ध कराएंगे?

SHRI RAM NAIK: Sir, I have explained this point earlier also; let me explain this again. Sir, the most important question which the hon. Member has asked is, that whenever the prices in the

international market go up, we increase the prices, and when they go down, we do not reduce the prices. Now, Sir, you would have seen that during the last one year, the prices have gone substantially high, but, even then, after October, I have not increased the prices of any one of these items. I have tried to maintain price stability. Of course, in that process, the deficit in our Oil Pool Account increased. Now, I have to bring down that deficit; and by the time we dismantle the adminstered price mechanism, *i.e.*, after 1st April, 2002, naturally, whatever happens in the international market will have its repercussions in the domestic market also, but, there too, for these two items, namely, kerosene and LPG, we will give some subsidy. For LPG, we will maintain the 15 per cent subsidy; and for kerosene, the 33 per cent subsidy will be maintained. So, we will try to take care of the concerns of the socially and economically down-trodden people.

Extraction of oil in Gujarat

*122. SHRI BRAHMAKUMAR BHATT: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the details of wells of gas drilled in Gujarat during 1997-2001.

(b) the quantum of natural gas explored during the said period;

(c) the places where the exploration work is being undertaken;

(d) the time by which gas is likely to be extracted from there; and

(e) the quantum of crude oil and gas likely to be extracted from there?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI RAM NAIK): (a) to (e) A Statement is laid on the Table of the House.

Statement

Extraction of oil in Gujarat

(a) and (b) Oil & Natural Gas Corporation Ltd. (ONGC) has drilled 579 wells during 1997-2001 out of which 431 were successful. Gas was found in association with oil in 404 wells and only Gas was found in 27 wells.